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BAXTER GATE PROPERTIES LIMITED
FINANCIAL STATEMENTS
For the Year Ended 31 December 1988

20 OCT 1989

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BAXTER GATE PROPERTIES LIMITED

The directors present their report and the financial statements for the year ended 31 December 1988.

Results and Dividend

The profit for the financial year after taxation amounted to £4,464. The directors do not recommend the payment of a dividend.

Principal Activity

The principal activity of the company is that of property letting.

Review of the Year

Rents were increased resulting in an increased net profit for the year. In October 1988, Loughborough Liberal Club approached the company proposing to purchase the freehold property. However negotiations are still in progress.

Fixed Assets

The movement in fixed assets is given in note 6 of the notes to the financial statements.

The freehold property is included in the balance sheet at the cost of £3,968 at 31 December 1988. Armstrong Mather, Chartered Surveyors, considered the open market value to be between £110,000 and £125,000 in August 1987. No valuation has taken place since that date.

Directors

The directors named below served throughout the year. Messrs C A Collin and D G Putt retire by rotation and being eligible offer themselves for re-election.

The interests in the capital of the company of the directors holding office at 31 December 1988 were :

	Ordinary Shares	
	31 December 1988	1 January 1988
R C Fletcher	72	72
H Putt	170	170
P A Collin	642	642
H D Putt	10	10
D G Putt	5	5
C A Collin	114	114

Auditors

The company's auditors, Godkin & Co are willing to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the annual general meeting.

On Behalf of the Board

P A COLLIN

Secretary

5 September 1989

REPORT OF THE AUDITORS TO THE MEMBERS OF
BAXTER GATE PROPERTIES LIMITED

We have audited the financial statements on pages 3 to 7 in accordance with approved auditing standards.

Freehold property has been included in the balance sheet at the cost of £3,968 instead of open market value as required by Statement of Standard Accounting Practice No. 19.

Except for the above in our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31 December 1988 and of the profit for the year ended on that date and comply with the Companies Act 1985.

Loughborough

5 September 1989

GODKIN & CO

Chartered Accountants

BAXTER GATE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1988

	<u>Note</u>	<u>1988</u>	<u>1987</u>
Rent receivable		8,720	7,080
Administrative expenses		<u>4,293</u>	<u>4,427</u>
Operating Profit		4,427	2,653
Interest receivable	3	<u>1,666</u>	<u>1,417</u>
Profit on Ordinary Activities before Taxation	4	6,093	4,070
Tax on profit on ordinary activities	5	<u>1,629</u>	<u>1,165</u>
Profit on Ordinary Activities after Taxation for the year		<u>£ 4,464</u>	<u>£ 2,905</u>

STATEMENT OF RETAINED PROFIT

Retained profit brought forward	10,857	17,952
Retained profit for the year	<u>4,464</u>	<u>2,905</u>
Retained profit carried forward	<u>£25,321</u>	<u>£20,857</u>

BAXTER GATE PROPERTIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1988

	<u>Note</u>	<u>1988</u>	<u>1987</u>
Fixed Assets :			
Tangible assets	6	4,915	4,025
Current Assets :			
Debtors	7	3,473	253
Investments	8	19,893	18,644
Cash at bank		2,168	2,495
		<u>25,534</u>	<u>21,392</u>
Creditors : (amounts falling due within one year)	9	<u>3,730</u>	<u>3,162</u>
Net Current Assets		<u>21,804</u>	<u>18,230</u>
Total Assets less Current Liabilities		<u>£26,719</u>	<u>£22,255</u>
CAPITAL AND RESERVES :			
Called Up Share Capital	10	1,398	1,398
Reserves :			
Profit and loss account		<u>25,321</u>	<u>20,857</u>
Shareholders' Funds		<u>£26,719</u>	<u>£22,255</u>

P A COLLIN

R C FLETCHER

) Directors

5 Septemebr 1989

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 3 to 7 which have been prepared under the historical cost convention.

Rents Receivable

Rents receivable are calculated on an accruals basis to the nearest month.

Fixed Assets and Depreciation

Fixed assets are stated at purchase price, less depreciation. Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over their estimated useful lives at the following annual rates :

Freehold land and buildings	Nil
Alterations to freehold buildings	10%
Fixtures and fittings	10%
Office equipment	10%

Freehold land and buildings are held for their investment potential and any income is negotiated at arm's length. Therefore they are not subject to periodic charges for depreciation in accordance with SSAP 19. However, they are included in the balance sheet at cost rather than at open market value as required by SSAP 19.

Deferred Taxation

Provision is made using the liability method for taxation at the current rate of corporation tax in respect of items when there is a material timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a tax liability will crystallise in the foreseeable future. At present no provision is required due to immateriality.

2. Particulars of Staff

	<u>1988</u>	<u>1987</u>
The average weekly number of persons (including directors) employed during the year was :		
Administrative	6	6
Staff costs :		
Fees	£ 1,500	£ 1,440

3. Interest Receivable

Building society interest	£ 1,666	£ 1,417
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4. Profit on Ordinary Activities Before Taxation

This is stated after charging :

Directors' fees	1,500	1,440
Depreciation	110	10
Auditors' remuneration	546	489

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>1988</u>	<u>1987</u>
5. Tax on Profit on Ordinary Activities		
The charge for tax is made up as follows :		
Current year :		
Corporation tax :		
Current at 27%/25% (1987 : 29%/27%)	1,629	1,177
Deferred at 27%	-	(12)
	<u>£ 1,629</u>	<u>£ 1,165</u>

6. Tangible Assets

	<u>Freehold Land and Buildings</u>	<u>Alterations to Freehold Buildings</u>	<u>Fixtures and Fittings</u>	<u>Office Equipment</u>	<u>Total</u>
Cost :					
At 1 January 1988	3,968	3,520	2,973	109	10,570
Additions in year	-	1,000	-	-	1,000
At 31 December 1988	<u>3,968</u>	<u>4,520</u>	<u>2,973</u>	<u>109</u>	<u>11,570</u>
Depreciation :					
At 1 January 1988	-	3,516	2,958	71	6,545
Charge for the year	-	100	-	10	110
At 31 December 1988	<u>-</u>	<u>3,616</u>	<u>2,958</u>	<u>81</u>	<u>6,655</u>
Net Book Value :					
At 31 December 1988	<u>£ 3,968</u>	<u>£ 904</u>	<u>£ 15</u>	<u>£ 28</u>	<u>£ 4,915</u>

Armstrong Mather, Chartered Surveyors, considered the open market value of the freehold property to be between £110,000 and £125,000 in August 1987. No valuation has been carried out since that date.

7. Debtors	<u>1988</u>	<u>1987</u>
Rent receivable	3,213	-
Prepayments and accrued income	260	253
	<u>£ 3,473</u>	<u>£ 253</u>
8. Investments		
Loughborough Building Society	3,058	2,947
Birmingham Midshires Building Society	3,346	3,214
Shepshed Building Society	13,490	12,483
	<u>£19,894</u>	<u>£18,644</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>1988</u>	<u>1987</u>
9. <u>Creditors</u> : (amounts falling due within one year)		
Sundry creditors	2,517	2,367
Corporation tax	<u>1,213</u>	<u>795</u>
	<u>£ 3,730</u>	<u>£ 3,162</u>
10. <u>Called Up Share Capital</u>		
Authorised :		
6,000 ordinary shares of 50p each .	<u>£ 3,000</u>	<u>£ 3,000</u>
Allotted, called up and fully paid :		
2,795 ordinary shares of 50p each	<u>£ 1,398</u>	<u>£ 1,398</u>